

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0245-01  
Bill No.: HB 192  
Subject: Education, Higher: Licenses, Professional  
Type: Original  
Date: January 22, 2001

---

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

---

**FISCAL ANALYSIS**

## ASSUMPTION

Officials from the **Missouri Lottery Commission, Office of Administration - Administrative Hearing Commission, and Department of Revenue** assume the proposal would result in no fiscal impact to the agencies.

Officials from the **Office of State Courts Administrator** assume the proposal would result in no fiscal impact to the courts.

Officials from the **Attorney General's Office (AGO)** assume costs from the proposal are indeterminate. The AGO does not know how many licensure cases could arise from defaults on student loans.

Officials from the **Department of Insurance (INS)** assume the fiscal impact upon new license application and renewal processing should be minimal and would not require additional expenses or personnel.

Officials from the **Secretary of State's Office (SOS)** assume the rules, regulations and forms issued by the Department of Higher Education could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$492 for FY 2002. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Department of Economic Development - Division of Professional Registration (DED-PR)** stated they would request .5 Licensure Technician II to check each name provided by the Department of Higher Education against the licensing system to determine if each individual is currently licensed by a board or commission or is an applicant for a license. There were, per the Department of Higher Education, 11,138 student loan default claims during federal fiscal 1999. DED-PR officials estimate it would take ten minutes per name to check against the licensing system.

ASSUMPTION (continued)

Officials from the **Coordinating Board For Higher Education (CBHE)** assume they could

satisfy the provisions of the proposal with resources currently available to the department through the Missouri Student Assistance Resource Services (MOSTARS). The bill would also require the department to promulgate by rule a procedure for determining when a person in default on a student loan has made satisfactory arrangements to ensure repayment of the loan and to provide a hearing for appeals made by the person aggrieved by a decision of the department. The current contractual rate for MOSTAR's administrative hearing officer is \$75 per hour for an attorney, approximately \$40 per case for copying, faxing, and other administrative costs, and \$25 per hour for a law clerk or paralegal. MOSTARS has no data to estimate the time or cost involved to prepare for and hold a hearing of the type described in the bill. CBHE officials assume the cost of such hearings would be assessed either to the agency withholding the license or the individual appealing the decision. Regardless, because this would be a state rather than federal regulation, the state guaranty student loan fund and the personnel whose salaries come from that fund could not be used to pay for hearing expenses.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume the proposal would require additional work for the Teacher Certification section in DESE.

For in-state licensees, DESE anticipates 90-100 defaults per year. From out-of-state applicants, DESE also anticipates about 90-100 defaults from among the estimated 10,000 out-of-state applications received. Also, each hearing costs the department about \$350. DESE would need approximately \$70,000 to pay for the hearings (\$350 per hearing cost X 200 hearings = \$70,000).

DESE officials three additional program specialists would be needed to handle the additional workload (\$30,060 each): one additional program specialist would be needed to handle in-state licensees; two additional program specialists will be needed to handle out-of-state licensee.

DESE officials also believed that fees for this information would be imposed by out-of-state agencies and loan-processing agencies. It is estimated that \$100,000 would be needed annually for these costs.

The **Oversight Division** assumes the individual appealing the decision would pay for the hearing.

The **Oversight Division** assumes that using computer cross-referencing with the Coordinating Board For Higher Education, the Department of Elementary and Secondary Education, the Department of Insurance, and the Department of Economic Development - Division of Professional Registration could meet the requirements of the proposed legislation with existing resources. Oversight also assumes that even though the proposal could result in higher  
ASSUMPTION (continued)

collections on student loans, the administrative costs saved based on less defaulted loans would be offset by the administrative costs for MOSTARS of notifying agencies of the borrowers'

default status. Since MOSTARS is an agency acting on behalf of the federal government, the state would only benefit from less defaults from an administrative position.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

The proposal would require the State Board of Education and Department of Economic Development, Division of Professional Registration, to refuse to grant any license or license renewal to any person if that person is in default on the repayment of any student loan guaranteed by the Department of Higher Education and has not made satisfactory arrangements to ensure voluntary repayment.

Within sixty days of the determination, the proposal would require the Department of Higher Education to provide the director of the Division of Professional Registration, State Board of Education, Clerk of the Supreme Court and director of the Department of Insurance the name of any person in default on the repayment of any student loan issued by the Department of Higher Education and who has not made satisfactory arrangements to ensure repayment.

The Department of Higher Education would be required to promulgate rules for determining when a person in default on a student loan has made satisfactory arrangements to ensure repayment of the loan. The Department of Higher Education would be authorized to garnish any state payment to a person in default on the repayment of a student loan.

DESCRIPTION (Continued)

Any attorney or counselor at law could be suspended from practice for avoiding in bad faith the repayment of any student loan administered by the Department of Higher Education.

The director of the Division of Professional Registration would be required to notify each board and commission in the division the names of every person regulated by such board or commission. The director would also be required to maintain a special indicator showing the status of the licensee with regard to repayment of student loans.

No board or commission in the Division of Professional Registration could grant or renew any license to a person in default on the repayment of a student loan, if satisfactory arrangements had not been made to ensure repayment.

The proposal would prohibit the Clerk of the Supreme Court from permitting any person from taking the bar examination, would prohibit a person from being admitted to the Missouri Bar and would prohibit an attorney from paying annual enrollment fees to renew a license to practice law, if the person is in default on a student loan.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Coordinating Board For Higher Education  
Office of State Courts Administrator  
Department of Economic Development  
Department of Insurance  
Missouri Lottery Commission  
Department of Revenue  
Office of Administration  
Attorney General's Office



Jeanne Jarrett, CPA  
Director  
January 22, 2001